(c) the number of applications received;

(d) the proposed period for issuing registration certificates; and

(e) the action proposed to be taken against the companies that have not got themselves registered?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) The RBI Act, 1934 as amended in 1997 provides that every non-banking financial company (NBFC) including residuary non-banking financial company (RNBFC) should make an application for registration within six months of the coming into force of the amendment. The period of six months expired on 9th July 1997.

(c) RBI have stated that they have received 37478 applications.

(d) The Act does not stipulate any period for completing the process of issuing registration certificates. RBI has already commenced the processing of the applications.

(e) All NBFCs which were in existence before 9th January, 1997 but have not applied for a Certificate of Registration from RBI on or before 8th July, 1997 are not permitted to carry on the business of NBFCs w.e.f. 9th July, 1997. Any such company which has applied for Certificate of Registration on or before 8th July, 1997 can carry on business until its application for registration is rajected by the RBI. Sub-section 4A of Section 58B of RBI Act inter-alia provides that the punishment for carrying on business without a certificate for registration shall be imprisonment for a term which shall not be less than one year but which may extend to five years and fine which shall not be less than Rs. 1 lakh but which may extend to Rs. 5 lakh.

Outdated Laws

498. SHRI JAYSINH CHAUHAN:

SHRI RATILAL KALIDAS VERMA:

Will the Minister of LAW AND JUSTICE be pleased to state:

(a) whether attention of the Government has been drawn to the news-item captioned "Outdated laws net the innocent, but let off corrupt officials" appearing in The Times of India dated May 19, 1997;

(b) if so, the reaction of the Government thereto; and

(c) the corrective steps proposed to be taken by the Government in this regard?

THE MINISTER OF STATE OF THE MINISTRY OF LAW AND JUSTICE (SHRI RAMAKANT D. KHALAP): (a) Yes, Sir.

(b) The news-item contains views and findings of its reporter.

(c) No corrective steps are proposed to be taken on the basis of the news-item.

[Translation]

Monetary Losses of Rural Banks

499. SHRI SANTOSH KUMAR GANGWAR: Will the Minister of FINANCE be pleased to state:

(a) the total monetary losses of rural banks operating in the country as on April 1, 1997; and

(b) the steps being taken to reduce the said losses?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) As per latest data available with National Bank for Agriculture & Rural Development (NABARD), the total accumulated losses of all Regional Rural Banks (RRBs) operating in the country amounted to Rs. 2176 crores (data provisional) as on 31st March, 1996.

A number of steps have been taken to strengthen RRBs and improve their viability which include, inter-alia, the following:-

(i) 136 RRBs have been provided with financial support to an extent of Rs. 573 crores by Government of India for comprehensive revamping.

(ii) With a view to widening the range and scope of their services RRBs have been, inter-alia, allowed to issue guarantees on behalf of their customers, install lockers, issue drafts and effect mail transfers. More discretionary powers have been given to them for purchase/ discounting of cheques/demand drafts.

(iii) RRBs have, subject to certain conditions, been allowed to relocate their loss-making branches to relatively better locations viz. commercial centres like market areas, village mandis, block and district headquarters and to redeploy concerned staff suitably.

(iv) RRBs have been advised to prepare bank specific development action plans to enable them to adopt a systematic approach for their turn-around.

(v) Reserve Bank of India (RBI) has provided RRBs access to profitable avenues for investment of their non-SLR surplus funds in listed and other schemes of Unit Trust of India (UTI), fixed deposits in profit making financial institutions, in bonds of nationalised banks and profit earning public sector institutions and in non-convertible debentures of reputed blue chip companies. Besides, the RRBs have been permitted by the RBI to deploy a part of their surplus non-SIR funds in the credit protfolio of their sponsor banks through non-risk sharing participation certificates to be issued by the latter.

(vi) Prudential accounting norms of income recognition and asset classification have been applied to RRBs in 1995-96. Provisioning norms have also been applied in a phased manner from 1996-97.

(vii) With effect from 26.08.96, the RBI has fully deregulated the interest rates that can be changed to the ultimate borrowers by the RBSs.

(viii) With a view to impart viability to lending operations of RRBs and to bring about uniformity in approach on lending alongwith commercial banks, RBI have recently stipulated that, beginning from 1st April, 1997, the advances of RRBs to priority sector should constitute 40% of their outstanding advances, as in the case of commercial banks.

Economic Growth

500. SHRI PRITHVIRAJ D. CHAVAN: Will the Minister of FINANCE be pleased to state:

(a) whether serious problems have developed in the growth of our economy due to the shortage of infrastructure facilities;

(b) if so, the details of problems and the steps taken to overcome them;

(c) whether the Government have formulated any plan and policy programmes in pursuance of the recommendations of the Experts Committee on infrastructure sector;

(d) if so, the details thereof; and

(e) the role assigned to domestic and foreign investors for the development of infrastructure facilities in our country?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) Seven infrastructural and core industries, namely, electricity generation, coal, saleable steel, crude oil, petroleum products, cement and fertilisers with a combined weight of 31 per cent in the Index of Industrial Production (IIP), have recorded a growth rate of 2.9 per cent in April-March, 1996-97 as compared to 7.8 per cent in April-March, 1995-96. While Gross Domestic Product (GDP), at factor cost, at constant prices, for the year 1996-97 registered a growth of 6.8 per cent as compared to 7.1 per cent in the preceding year, the manufacturing sector grew by only 8.1 per cent as compared to 13.6 per cent in 1995-96. The slowdown of growth in manufacturing in 1996-97 can be partly attributed to the poor performance of the infrastructure industries since some infrastructure industries are included in the index for manufacturing and more important weak infrastructure performance constrains the growth of manufacturing generally.

The Government's development strategy attaches high priority to the Development of efficient infrastructure and recognises the fact that provision and maintenance of adequate infrastructure facilities at reasonable cost are absolutely necessary for rapid economic growth on a sustaine basis. Several fiscal incentives have been offered for setting up infrastructure projects.

(c) and (d) The Government has already implemented some of the recommendations of the Expert Group on commercialisation of Infrastructure Projects.

To provide long-term finance for the infrastructure sector the Budget, 1996-97 announced establishment of an infrastructure Development Finance Company (IDFC). The IDFC has since been incorporated under the Companies Act on 30.1.97 with an authorised share capital of Rs. 5000 crore. The Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) on net inter-bank liabilities has been abolished. Foreign Institutional Investors (FIIs) have been allowed to participate in the debt market.

(e) Given the competing demands on limited resources available with the Government, the creation of quality infrastructure will need infusion of private capital, including foreign investment. Since December, 1996 the Government has allowed automatic approval for foreign equity participation upto 74 per cent in key infrastructure industries.

Currency Notes

501. SHRI RUPCHAND PAL:

SHRI A.G.S. RAMBABU:

SHRI ANIL BASU:

SHRI AJAY MUKHOPADHYAY:

DR. ASIM BALA:

Will the Minister of FINANCE be pleased to state:

(a) the annual production capacity of the currency notes in each of the printing presses and the total requirement thereof in the country;

(b) whether the production capacity of these presses is fully utilised;

(c) if so, the details thereof and if not, the reasons thereof;

(d) whether the Government propose to import currency notes to meet the requirements;

(e) if so, the reasons therefor and the amount of foreign exchange proposed to be spent thereon;

(f) whether the Government propose to modernise the existing presses to overcome the acute shortage of currency notes; and

(g) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) The production capacity of the currency notes and the requirement during 1996-97 was a under:-